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• 9th District • **2007 Session Review and Survey Results**

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**Serving Adams, Asotin, Garfield and Whitman counties,
and north Franklin and south Spokane counties**

June 2007

Dear Friends,

The Legislature adjourned April 22, concluding a 105-day session that will be remembered primarily for passage of a record-setting budget with double-digit spending growth – spending that many of us believe will lead to a multi-billion dollar shortfall in a few short years.

That overshadows one of the few bright spots of the session – the approval of a constitutional rainy-day fund that will set money aside for emergencies and protect taxpayers from rollercoaster budgeting. Unfortunately, this year's budget almost guarantees a rainy day is in the making, leaving taxpayers at a high risk for future tax increases.

It was a session characterized by misguided priorities. A statewide curriculum for sex education was passed, but we still have no statewide curriculum for math. Government-run health care was expanded, but no reforms were adopted to give families and employers more affordable health care coverage. And a bill was approved to enhance services for inmates so they can be released early from prison, but nothing that would give corrections officers the tools to put offenders back in jail when they commit new crimes.

This session review is our report about how we dealt with these and other issues. It also includes results of the survey we mailed to you in February.

Although the 2007 session has concluded, our responsibilities as your legislators continue during the interim. We value your opinions, and encourage you to keep in touch whenever you have a comment or an idea to share. Resolving constituent problems is also a major part of our job representing you in Olympia, so please remember that we're always ready to lend a helping hand.

Sincerely,



Mark Schoesler
State Senator



David Buri
State Representative



Steve Hailey
State Representative



Legislative Hotline: 1-800-562-6000

Unaffordable operating budget

Over strong objections from legislative Republicans, the majority party passed a **\$33.4 billion** operating budget that many of us believe will turn the \$2 billion surplus into a \$1 billion deficit in a few short years. There are no savings or reductions of any significance, none of the surplus was restored to families or businesses, and the record level of spending is not sustainable. Spending over a billion dollars more than we expect to collect reflects a lack of fiscal restraint that's become all too common in Olympia, and that spells bad news for Washington taxpayers.

According to the governor's own budget office, even if our state's economy continues at a healthy pace, the budget will force the Legislature to cut services or raise taxes in the next few years.

The operating budget has grown 33 percent – or \$8.2 billion – since Gov. Gregoire and the majority party took control of the process two years ago. During that same period the state's population and inflation have grown at less than *half* that rate.

There will be a new rainy-day fund, if the voters agree, but this budget would put the *smallest* amount possible into that fund – 1 percent, and in the *second* year only.

Equally disappointing, this Legislature did nothing to address the state's \$5 billion unfunded pension liability. Yet some of the only savings in this budget come from doing away with gain-sharing. There's a \$2 billion surplus, and this budget saves by *taking from our public employees' pensions*.

Our constituents deserve our best effort to pass a budget that reflects sensible foresight and responsibility. In that regard, the budget the majority party adopted has failed the people of Washington state. Budget-writing is tough, but the key is discipline and a respect for taxpayers' money. Regrettably, this budget reflects neither.

Rainy day fund victory

The session's most important piece of legislation for the taxpayers of Washington state is **Senate Joint Resolution 8206**, which would create a constitutionally protected rainy day fund.

For too many years, state budget writers have failed to set aside enough money for those times when less revenue comes in because of a faltering state economy. Whenever a recession hits Washington, the budget is usually affected through either painful program cuts or tax increases.

Under SJR 8206, the Legislature is required to put aside a minimum of 1 percent of annual revenues. This fund could not be tapped without a 60 percent majority vote – unless there is an economic downturn. Under these conditions, a

simple majority vote of the Legislature could access the savings. A simply majority vote also could access the fund when the governor declares an emergency that represents a threat to public health or public property, or is authorized in state law.

Since the resolution would amend the state constitution, it needs voter approval to be enacted. The proposal will be on the November ballot.

Key 9th District projects included in construction budget

The \$4.3 billion capital budget provides more than \$157 million for projects and facilities in the 9th District.

Washington State and Eastern Washington universities are the district's big winners in the package, followed by the Coyote Ridge Corrections Center at Connell, which is slated



to receive \$13.7 million for design and construction of an additional 256-bed medium-security facility.

A principal highlight was

inclusion of \$58 million for the long-awaited biotechnology Life Sciences Building at Washington State University's Pullman campus. The new facility will further enhance WSU's important role in the biotech field.

The budget appropriates \$10.8 million to renovate Hargreaves Hall at Eastern Washington University, plus \$2 million for Patterson Hall remodeling, and \$21 million for facility preservation, repairs and maintenance.

Two smaller-profile requests championed by Sen. Schoesler and Rep. Buri were green-lighted for state construction money: \$160,000 to finish renovation of the American Legion Memorial Building in Ritzville, and \$150,000 for an outdoor lighting system at McDonald Park in Colfax.

Rep. Hailey, meanwhile, shepherded through the process a \$2 million appropriation for a new stratigraphic groundwater mapping project in Lincoln and Adams counties.

Other in-district projects that received support in the budget include:

- Camp Outlook site-selection study (\$150,000)
- Palouse street improvements (\$210,000)
- Silver Lake fishing dock (\$192,000)
- Campbell Field restoration (\$99,000)
- Pullman's Gladish Community Center (\$48,000)
- Lakeland Village (\$2.9 million)
- Eastern State Hospital (\$2.3 million)

2007 Session Review and Survey Results

Palouse River & Coulee City Railroad

After years of financial problems, legal wrangling and fears that the line might be abandoned altogether, an agreement was signed this session that will ensure the long-term operation of the Palouse River & Coulee City Railroad.

The governor signed a *Memorandum of Understanding* that lays out a process to complete the sale to the state of the tracks, properties and operating rights for the CW (Cheney to Coulee City) branch of the three lines that together comprise the 372-mile short-line railway.

The governor's signature keeps the railway open, and marked the achievement of one of the 9th District team's top priorities for the 2007 session.

A positive session for agriculture

It's no secret that agriculture is the predominant industry in our district, as well as a way of life for many living here. We worked hard this session to pass legislation that will help improve the health and vitality of the ag industry, and although we didn't achieve all we hoped to accomplish, there were many successes. Here is an overview of some of the ag bills that became law this year:

SSB 5009: Exempts sales of biodiesel blended with diesel to farm fuel users for nonhighway use from sales and use taxes. A farm fuel user means a farmer or a person who provides horticultural services for farmers, such as soil preparation services, crop cultivation services, and crop harvesting services.

SB 5113: Authorizes the application of barley straw to waters in Washington. Studies have shown that barley straw can reduce the growth of algae when used in specific ways. The measure, sponsored by Sen. Schoesler, provides a new marketing niche for barley growers.

SSB 5248: Tries to preserve the viability of agricultural lands. Under the bill, counties and cities may not adopt changes to critical area ordinances (CAOs) that apply to agricultural activities until July 1, 2010.

SSB 5315: Gives landowners access to their property during wildfires. It directs the Washington Association of Sheriffs and Police Chiefs to convene a work group to develop a policy regarding landowners' access to their property during fires, including when it is safe and appropriate to allow access during a wildfire or forest fire. Sponsored by Sen. Schoesler, it authorizes county sheriffs

to maintain a registry of people allowed to access their land during wildfires until a model ordinance has been enacted.

HB 1311: Removes the expiration date for the Department of Agriculture's small farm direct marketing assistance program, and extends it indefinitely. Co-sponsored by Rep. Hailey, the program helps improve the viability of small farms by reducing market barriers and developing or enhancing direct marketing opportunities for farmers.

HB 1416: Extends the current exception to mandatory grading standards for asparagus shipped out-of-state for fresh packing to Dec. 31, 2009. This means there will be no Washington inspections of asparagus shipped out-of-state to fresh packing and processing plants. Asparagus instead will be inspected when it arrives at the out-of-state plants.

HB 1443: Authorizes a deduction under the public utility tax under certain conditions for amounts received from transporting agricultural commodities to interim storage facilities, if the commodities are ultimately shipped by vessel out of state. Wheat haulers would otherwise face a tax increase estimated to be \$750,000.

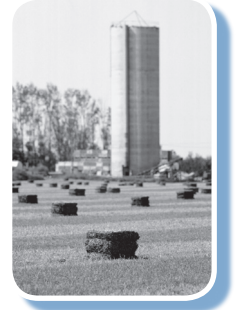
EHB 1648: Broadens the definition of "agricultural activity" to increase the protection of agricultural activities and operations from nuisance lawsuits. The bill revises the definition of "agricultural activity" to include keeping of bees, changes in crop type, and use of new equipment and agricultural technologies.

HB 1888: Establishes a process for the Department of Agriculture to create Brassica seed production districts to avoid cross-pollination between Brassica seed crops such as canola, cabbage, broccoli or rutabaga. The goal is for the increase in canola acreage to not interfere with crops like cabbage that could cross-pollinate and then ruin valuable seed crops.

EHB 1902: Exempts labor and services rendered in respect to installation of replacement parts for qualifying farm machinery and equipment from sales and use tax.

SHB 2115: Establishes the Washington State Heritage Barn Preservation Program. This program will help save many older and structurally impressive barns found throughout our state.

ESHB 2352: Exempts custom farming services, farm management services, contract labor services, and farm animal services from the B&O tax if the activities are performed for a farmer by a neighboring farmer. Also exempts the hauling of agricultural products or farm machinery from the public utility tax if performed by a related party.



Representative
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STEVE HAILEY

Voters will decide fate of simple majority

A major disappointment this session was approval of **House Joint Resolution 4204** – the proposed constitutional amendment that would allow school levies to be approved by a simple majority rather than the required 60 percent supermajority.

The 60 percent requirement was written into the state constitution in 1944 as a safeguard for taxpayers. Those of us who opposed the resolution believe that lowering the bar will just make it easier to raise taxes. School levies only tax property **owners**, and the 60 percent threshold for passage helps protect them from the whims of voters who own little or no property, and who have less to lose.

It's also clear that moving the goal posts is unnecessary. From 2003 to 2006, a total of 1,092 school maintenance and operations levies passed. During the same time period, only 21 failed to win approval. The facts show that there's no overwhelming problem passing levies in our state.

The proposed amendment goes before the voters in November.

Schoesler tuition cap measure signed into law

College students and their families will soon have some relief from unpredictable tuition hikes under a measure (**2SSB 5806**) introduced by Sen. Schoesler. The new law caps tuition increases at no more than 7 percent per year for full-time resident undergraduate students between the 2007-08 academic year and the 2016-17 academic year.

Over the years, tuition has continued to rise without any predictability, making it harder for students and their families to plan for paying for college. This bill helps to bring tuition costs under control, giving students more predictability. When it comes to tuition, we should provide students of working families with the same predictability that we provide seniors and workers when it comes to Social Security and the minimum wage.



In his role as Senate Republican floor leader, Sen. Schoesler discusses floor procedures with Lt. Gov. Brad Owen (left) and Secretary of the Senate Tom Hoemann on the rostrum.

Buri bill boosts rural economic development efforts

On May 1, the governor signed legislation sponsored by Rep. Buri authorizing rural counties to tap sales- and use-tax revenues to pay for economic development officers and staff. Port districts will also be able to use the funds for economic development purposes within the county.

Rural counties (those which are smaller than 225 square miles, or have an average population density of less than 100 residents per square mile) are allowed to impose a local sales and use tax of up to 0.08 percent. Thirty-two counties qualify under the definition and levy the tax, which previously could only be used for the financing of public facilities for economic development purposes.

There are still “two Washingtons” – the prosperous Puget Sound-area communities along the I-5 corridor, and the rest of the state. The new law provides rural counties some welcome leeway in using sales tax dollars to help generate economic growth.

While providing local governments with the means to afford an economic development officer, **House Bill 1543** does not alter the overall sales and use tax rate in a locality, nor does it impose an additional tax on consumers.

9th District Survey Results



Rep. Buri assumed a top legislative leadership role this year as floor leader for the House Republican Caucus.



A third-generation farmer and rancher and decorated Vietnam-era pilot, Rep. Hailey brings valuable experience and insights to his first term representing the 9th District. Steve is a caucus leader on agriculture and military affairs issues, and also serves as assistant whip.

Early this year, we sent a newsletter to the district that included a brief questionnaire. Below are results of the survey. Answers for ranking questions are sorted in ascending order so that the most popular options are on top.

Priorities

Which of the following issues do you think are most important for the Legislature to address during the 2007 session? (Please rank according to importance, with "1" being the most important, "2" being the next important, and so on.)

- 1 – Taxes and spending
- 2 – Economy and jobs
- 3 – Crime and drugs
- 4 – Health care
- 5 – Public schools
- 6 – Property rights
- 7 – Agriculture/agriculture research
- 8 – Colleges and universities
- 9 – Transportation
- 10 – Environment
- 11 – Social issues

Economy and jobs

What steps do you think would be the most effective in attracting more high-paying jobs for Washington families? (Rank from 1 to 4, with 1 being most effective.)

- 1 – Reduce business taxes to attract new businesses and discourage existing businesses from leaving the state
- 2 – Change the regulatory environment to make Washington more attractive to business
- 3 – Streamline permitting so that businesses can locate and expand in Washington without costly delays
- 4 – Use taxpayer resources to recruit high-paying manufacturing jobs to our state

Budget

Please rank in order of preference (from 1 to 6) the proposals below that lawmakers ought to consider when writing the 2007-09 budget:

- 1 – Reduce unnecessary government services and government waste
- 2 – Pass a constitutional amendment requiring a supermajority vote to raise taxes
- 3 – Audit government agencies to fix (or eliminate) poorly performing programs
- 4 – Downsize state government in general
- 5 – Create a constitutional spending limit
- 6 – Establish a secure reserve fund that could be spent only with a two-thirds majority vote of the Legislature

(Results continued on back page)

9th District Survey Results (cont'd.)

Priorities of Government

In 2003, the Legislature used the Priorities of Government (POG) approach to address a \$2.6 billion deficit. The POG process ranked programs and services based on need. This resulted in an operating budget that lived within the state's means, delivered services based on priority, and did not require a general tax increase. Should the Legislature use the POG approach in crafting the 2007-09 budget?

Yes – 88.64 percent

No – 11.36 percent

Transportation

The governor wants Seattle voters to decide whether to replace the Alaskan Way Viaduct with another elevated highway (\$2.8 billion) or a tunnel (\$3.4 billion). Since gas tax revenue from throughout Washington will help pay for the project, should there be a statewide vote to allow everyone to weigh in on how their tax dollars are spent?

Yes – 81.39 percent

No – 18.61 percent

Income tax

Are you in favor of creating a state income tax?

Yes – 10.5 percent

No – 89.5 percent

Supermajority

The state constitution requires that school bonds and levies receive approval from at least 60 percent of the voters to win passage. Do you favor lowering the levy requirement to 50 percent approval?

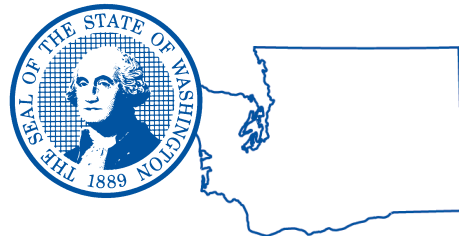
Yes – 28.14 percent

No – 71.86 percent

Senator MARK SCHOESLER Senate Republican Floor Leader

Committees:

- Agriculture and Rural Economic Development, *ranking Republican*
- Financial Institutions and Insurance
- Higher Education
- Rules
- Ways and Means



Representative DAVID BURI House Republican Floor Leader

Committees:

- Appropriations
- Higher Education
- Rules

Representative STEVE HAILEY Assistant Republican Whip

Committees:

- Agriculture and Natural Resources
- Transportation
- Select Committee on Environmental Health
- Joint Committee on Veterans' and Military Affairs